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UNCLAS SECTION 01 OF 02 ASUNCION 000681

SIPDIS

STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR SCRININ AND LYANG
NSC FOR KIM BREIER
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PINR](#) [SNAR](#) [ETRD](#) [EPET](#) [KCRM](#) [VE](#) [PA](#) [GTIP](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, MAY 14-20

REF: A. ASUNCION 487

[1](#)B. ASUNCION 649

[1](#)1. (U) Summary:

-- Paraguay to import Venezuelan oil?
-- Paraguay establishes relations with Bahrain
-- Paraguay to repatriate 29 women from Argentina
-- Additional drug busts in Paraguay

Paraguay to import Venezuelan oil?

[1](#)2. (U) On May 12, the Senate ratified an energy agreement with Venezuela through which Paraguay would be able to import 18,600 barrels of Venezuelan crude oil per day. The one-year agreement was signed by Presidents Duarte and Chavez in November, and permits Paraguay to pay 75 percent upon delivery and the remainder over 15 years at a 2 percent interest rate (ref A). The GOP has argued that the arrangement offers Paraguay the opportunity to invest in social programs by paying with credit, as well as the prospect of exchanging crude oil for agricultural and meat products. However, Paraguay's state-owned oil company has said the ratification comes too late to arrange a deal in the short term, given solicitations already issued.

Paraguay opens relations with Bahrain; VP to Israel

[1](#)3. (U) On May 14, the Foreign Ministry announced that Paraguay established diplomatic relations with Bahrain. This is the second new bilateral agreement Paraguay has signed since Mercosur established a new framework agreement for economic cooperation with Arab states during the recent Arab-South American Summit in Brasilia (ref B).

[1](#)4. (U) Separately, the press reported on May 16 that Vice President Castiglioni will visit Israel in late August or early September. According to Israel's Honorary Consul to Paraguay, Max Haber, this will be the first time that a Paraguayan president or vice president visits Israel, despite 55 years of diplomatic relations.

TIP: Paraguay to repatriate 29 women from Argentina

[1](#)5. (U) Paraguay's Ambassador to Argentina Orlando Fiorotto, Argentina's Ambassador to Paraguay Rafael Edgardo Roma, and Paraguay's Director of the Repatriation Office Nicasia Maldonado met in Asuncion to discuss proceedings in the case of 29 Paraguayan females -- of which two are minors -- who had been tricked into prostitution and were discovered several weeks ago in Cordoba during a roundup of brothels. Maldonado will travel to Cordoba to prepare the ground for their return to Paraguay. Fiorotto stressed the importance Paraguay attaches to investigation of this case and prosecution of those parties involved.

Additional drug busts in Paraguay

[1](#)6. (U) On May 15, during a joint raid on a ranch in Itanara, Candindeyu, agents from the National Anti-drug Secretariat (SENAD) and the Brazilian Federal Police seized 414 kg of pressed marijuana. Authorities arrested a Paraguayan national, Osvaldo Rodriguez, and three Brazilians: Vicente Alero Filho, Moises Dos Santos, and Alexander Pereira da Silva. Local press reported that the marijuana belonged to Brazilian drug trafficker, Ubirata Brescobist, who is currently suspected to be moving between Candindeyu and Amambay departments.

[1](#)7. (U) In a separate case, Paraguayan and Brazilian authorities conducted a joint operation that resulted in the seizure of approximately 7.5 tons of marijuana in Ponta Pora, Brazil, on May 16, leading to the arrest of at least five Brazilian drug traffickers. During the operation, authorities intercepted two trucks concealing packages of marijuana

shipped from the mountains of Amambay and intended for Brazil's markets.

18. (U) On May 10, one of the SENAD detector dogs, Bonita, discovered 995 grams of cocaine concealed in a shipment of backpacks from Ciudad del Este en route to Cameroon (ref B). The drugs were hidden inside metal backpack frames, each backpack containing around 90 grams of cocaine. SENAD agents along with two prosecutors thoroughly searched the shipment and took photographs of the backpacks. This week, authorities arrested one individual in Ciudad del Este suspected of mailing the package and continue to search for another involved in the case. On May 19, SENAD officers in CDE confiscated five kilograms of cocaine and arrested a Nigerian national. The arrestee is suspected of shipping the cocaine found on May 10.

KEANE